INSTRUCTIONS

1. Students are requested, in their own interests, to write legibly. Any illegible content or content which cannot be read will be disregarded.

2. This paper consists of FOUR (4) page. Please make sure you have them all.

3. All questions are compulsory and must be answered.

4. Please pay attention to the mark allocation to make sure you apportion your time appropriately.

5. Questions can be answered in any order. However you must clearly indicate the question number you are answering. A failure to do so may result in a student losing all marks for the question which is not clearly marked with the correct question number.
QUESTION 1

Twinkling Star Inc. is an American based charterer who wishes to enter into a charter Party Contract with Moonfleet Shipping Company, a London based corporation for its MV Dancing Fairy.

As per the standard practice in the industry the two companies used brokers to conduct negotiations. These negotiations were conducted via telexes and telephonic communications. After numerous communications between the brokers the charterer accepted Moonfleet Shipping Company’s hire rate for their vessel at the price of $12 000 per day. Agreement had also been reached on terms such as time and place of delivery, trading exclusions, commissions, arbitration in the case of disputes, duration of the charter and description of the vessel.

Twinkling Star Inc.’s broker based in New York sends a fixture recap telex to Moonfleet Shipping Company confirming the agreements reached so far and ending with the words “subject Gencon CP”. The parties then entered into negotiations regarding the details of the Gencon CP. Twinkling Star’s broker faxed Moonfleet’s broker their proposed amendments to the Gencon CP. Moonfleet accepted some of the amendments and rejected others, imposing a deadline for Twinkling Star to respond. The latter did not meet this deadline. Moonfleet then charted the MV Dancing Fairy to a third party. Twinkling Star then attempts to compel Moonfleet to enter into arbitration as provided for in the agreement they were negotiating. Moonfleet refuses on the basis that there was no agreement to arbitrate, as there had never been a binding charter party agreement.

Twinkling Star approaches you for advice on the validity of the charter party agreement. Advise them of the relevant English law applicable. In addition would your answer differ if American Law is applied?

TOTAL Q1: 30 MARKS
QUESTION 2

The MV Pluto is a commercial container vessel en route from Florida in the United States of America to Sydney in Australia. On the 14th September while the ship is located 3 nautical miles from Port Natal in Durban, the vessel has a massive power failure and floats dead in the water. They radio a call for help which is received by the Port Authorities who then send out a vessel to provide assistance. The dispatched vessel then effects the necessary repairs so that the MV Pluto is able to continue on its journey. The Port Authority now wishes to claim a salvage award from the owners of the vessel and they consult you for advice. Answer the following questions:

2.1 What are the common law requirements for a valid salvage claim?

[Total Q2.1: 4 marks]

2.2 The owners of the MV Pluto refuse to pay a salvage award as they claim that the Port Authority merely exercised its statutory obligations and therefore is not entitled to a salvage award. With reference to precedent, discuss whether the Port Authority is entitled to a salvage award

[Total Q2.2: 6 marks]

TOTAL Q2: 10 MARKS

QUESTION 3

Discuss the position of goods carried on deck in marine insurance with reference to case law

TOTAL Q3: 10 MARKS
QUESTION 4 [10 MARKS]

4.1 Briefly explain the role of Protection and Indemnity insurance in the maritime industry.

[Total Q4.1: 5 marks]

4.2 What are the requirements of a valid and locally enforceable letter of undertaking issued by a P&I Club?

[Total Q4.2: 5 marks]

TOTAL Q4: 10 MARKS

QUESTION 5 [10 MARKS]

What is meant by the following terms?

5.1 ‘General Average’ in Maritime Law

[Total Q5.1: 5 marks]

5.2 Demurrage

[Total Q5.2: 2 marks]

5.3 Break- Bulk Cargo

[Total Q5.3: 3 marks]

TOTAL Q5: 10 MARKS

TOTAL FOR PAPER: 70 MARKS